

BUILDING SCHOOLS FOR THE FUTURE – FENLAND PHASE 2

To: **Cabinet**

Date: **15 March 2011**

From: **Executive Director: Children & Young People's Services**

Electoral division(s): **Chatteris, March East, March North, March West, Roman Bank and Peckover, Waldersey, Whittlesey North, Whittlesey South, Wisbech North, Wisbech South**

Forward Plan ref: **Not applicable** *Key Decision:* **No**

Purpose: **To update Cabinet with developments in respect of the Building Schools for the Future (BSF) programme in Cambridgeshire**

To alert Cabinet to the proposed inclusion of a third party funded community leisure suite as part of the BSF project at Cromwell Community College

Recommendations: **Cabinet is recommended to:**

Note recent developments with the BSF programme in Cambridgeshire

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1.0 BACKGROUND

- 1.1 The County Council was one of the last local authorities to enter the national Building Schools for the Future (BSF) programme. Financial Close was achieved and contracts were signed for the Fenland Phase 1 Schools¹ on 18th May 2010. At the same time, the Local Education Partnership (LEP) - Cambridgeshire Learning Community Partnerships Ltd (CLCP) - was established and Facilities Management (FM) and Information Communication Technology (ICT) Managed Services contracts were signed with CLCP for all six BSF schools in Fenland.
- 1.2 Construction work began at the Phase 1 Schools (Thomas Clarkson Community College and Neale Wade Community College) in July 2010 and is due to be completed at both schools by early 2013.
- 1.3 On 5th July 2010 the Secretary of State for Education announced an end to the national BSF programme under which all 3,500 secondary schools in England were due to be rebuilt or refurbished over a 15 year programme. A limited number of BSF projects which had passed financial close, including the six BSF schools in Fenland, were permitted to continue.
- 1.4 Following the Comprehensive Spending Review in October 2010 all authorities with outstanding BSF projects, including Cambridgeshire, were asked by Partnership for Schools, the sponsor organisation for BSF, to identify "significant" savings from their remaining schemes. Speculation at the time was that these savings could be up to 40% of the original funding level.
- 1.5 With input from the schools, the LEP and the design teams the initial proposals for each of the Phase 2 schools (Sir Harry Smith Community College, Cromwell Community College, Meadowgate Special School and Fenland Junction Pupil Referral Unit) were reviewed and three options were identified which achieved progressively greater savings as follows:
 - Option 1 – secured greater efficiencies from the supply chain in terms of build rates and margins whilst retaining the original schemes largely intact
 - Option 2 – secured greater efficiencies from the supply chain in terms of build rates and margins and modified the original schemes to refurbish more of the existing estate rather than re-provide with new accommodation
 - Option 3 – secured greater efficiencies from the supply chain in terms of build rates and margins and significantly modified the original schemes
- 1.6 A key principle in all options was to address basic need (i.e. sufficiency of accommodation for the expected number of students) and condition needs such that the schools were not left with backlog maintenance issues or a need for significant capital investment in the medium term.
- 1.7 Revised proposals were submitted to PfS in late November with a preference for option 2 in the case of three of the Phase 2 schools. No savings were proposed for the Fenland Junction Pupil Referral Unit which as a small, all new-build project offered less scope for generating material savings.
- 1.8 In total, savings of 18% against the original funding envelope for the four schools of £38m were proposed. This was considered to be a reasonable balance between the

¹ Thomas Clarkson Community College, Wisbech; Neale-Wade Community College, March

need to reduce the costs of these projects without compromising the fundamental ingredients of each scheme too far.

2.0 RECENT DEVELOPMENTS

Phase 1

- 2.1 Eight months into their building programmes, the Phase 1 projects are making good progress on site. The cold weather before Christmas caused some disruption which has required re-sequencing of some activities to bring the respective programmes back on track. Nevertheless, the contracted handover dates remain on target to be achieved.

Milestone	Thomas Clarkson College	Neale-Wade College
Phase 1 completion	Jan-2012	Aug-2011
Phase 2 completion	Nov-2012	Aug-2012
Phase 3 completion	-	Dec-2012
Final completion	Nov-2012	Feb-2013

Phase 2a

- 2.2 The Phase 2a schools are:

- Sir Harry Smith Community College, Whittlesey
- Cromwell Community College, Chatteris
- Meadowgate Special School, Wisbech

- 2.3 Written approval from PfS for the Authority's 'Stage 0' submission for the Phase 2a schools was received on 14th February. This confirmed £28.5m of funding for the three schools in accordance with the savings proposed in November 2010. Release of the funds will be subject to Final Business Case (FBC) approval by PfS as part of the contract close process later in the year.
- 2.4 Detailed design work at the Phase 2a schools began in January 2011 and is progressing well. Engagement between the schools and the design teams has been effective and sustained progress has been made in the development of masterplans for each site which address the different requirements and challenges of the three schools. All three projects are being taken forward by the LEP with a single building contractor, Kier Eastern, and different design teams from RHP Architects (Cromwell and Sir Harry Smith) and Fielden & Mawson (Meadowgate).
- 2.5 Initial (Stage 1) proposals are due to be submitted by the LEP to the Authority for review and approval later in March. Detailed (Stage 2) proposals are due to be submitted in the summer.
- 2.6 The Authority has a set a challenging timetable for the Phase 2a design phase to achieve contract close on all three schools by July 2011. The key dates within this programme are as follows.

Milestone	Estimated Date
Stage 1 Submission (Initial Proposals from the LEP)	March 2011
Stage 1 Approval (Approval of LEP Stage 1 proposals by the Authority)	April 2011
Planning applications submitted	April 2011

Milestone	Estimated Date
Stage 2 Submission (Detailed Proposals from the LEP)	June 2011
Stage 2 Approval (Approval of LEP Stage 2 proposals by the Authority)	July 2011
Planning consent secured	July 2011
Contracts Signed	July 2011
Start on site	August 2011

- 2.7 A detailed building programme will be developed as part of the Stage 2 proposals with the building phase likely to be around two years in each case.
- 2.8 The benefits of this accelerated programme are considerable compared to the original programme which assumed start on site in Spring 2012. These include:
- a shorter overall delivery programme
 - reduced disruption for schools
 - the opportunity to carry out set up works during the 2011 school summer holidays
 - earlier price certainty to maximise the value of the fixed funding
- 2.9 There are number of risks associated with this programme.
- There is a significant amount of detailed technical and legal work associated with achieving a simultaneous contract close on three projects
 - PfS approval is required for the Final Business Case before the contracts can be signed. Any legal derogations associated with these contracts also require PfS approval
 - Planning consent for each scheme is required before the contracts can be signed. Issues arising with any of the planning applications could delay contract close
 - The detailed design development phase is an intensive process which requires significant input from senior leaders within schools. The demands of BSF need to be managed sensitively and proportionately with other initiatives schools are facing to ensure that standards and attainment levels are not affected by this process
 - The need to balance pace with commitment and buy-in to the process and outcomes from the large number of stakeholders involved, including staff, students, Governing Bodies and the wider communities in Whittlesey, Chatteris and Wisbech
- 2.10 To mitigate these risks, we have held a number of pre-application discussions with key consultees and community consultation events are being held at each of the schools later in March. The BSF Programme Director is also due to attend meetings of the respective Town Councils to explain the proposals. Members of the BSF and LEP teams have attended meetings with staff and the Governing Bodies of the three schools at which the emerging plans have been reviewed and discussed. Additional legal and technical resources have been lined up to work on preparing the contracts as part of the Stage 2 process.
- 2.11 As a result of the measures taken so far, the design development process remains on track to achieve the ambitious design development programme.

Phase 2b

- 2.12 Phase 2b is a single school project - Fenland Junction Pupil Referral Unit (PRU). The unit is currently located in March. The BSF project proposes re-locating the unit to a new, purpose built facility in Wisbech.
- 2.13 Written confirmation was received from PfS in February that 100% of the original funding (£2.5m) has been agreed for this project. As with Phase 2a, this remains subject to 'Stage 0' and FBC approval in due course.
- 2.14 This project is a separate, subsequent phase because a site for the new unit in Wisbech has yet to be confirmed. It is therefore running to a slower timetable than the Phase 2a projects until this issue is resolved.
- 2.15 Exploratory discussions have taken place with the College of West Anglia (COWA) about locating the PRU close to COWA's Wisbech campus. These have not yet reached a definite conclusion. Additionally, two vacant sites in the Council's ownership have been identified but neither is ideal. The cost of securing a third party site (assuming a suitable location and willing vendor) is also a major constraint.
- 2.16 Now that PfS funding for the PRU has been confirmed, resolving the site issue is a pre-requisite for Stage 0 approval and progressing the project to the design development phase.

3.0 CROMWELL COMMUNITY COLLEGE LEISURE SUITE

- 3.1 The development proposals at Cromwell Community College in Chatteris include a community Leisure Suite jointly funded by Fenland District Council and Chatteris Town Council as part of a longer term strategy to improve community sports provision in Chatteris. Phase 1 of this strategy, a new All Weather Pitch, is currently under construction on the Cromwell Community College site.
- 3.2 The proposed Leisure Suite will contain a fitness gym and dance studio together with associated changing and reception facilities. This new facility is likely to be housed in a separate, purpose-built building on the college site and will be available for community use throughout the day and in the evenings.
- 3.3 Developing the Leisure Suite as part of the BSF project at Cromwell offers a number of advantages, including:
- the opportunity to masterplan the site with these different uses in mind
 - securing design, construction and cost efficiencies as part of a larger project at the school
 - less disruption to the school than would be the case if the Leisure Suite project followed separately
 - earlier availability of the new facilities for the local community in Chatteris
- 3.4 A Memorandum of Understanding² has been prepared setting out the objectives of the Leisure Suite project and the arrangements under which it is being taken forward in parallel with the BSF scheme at Cromwell. A project team (which includes the

² To be agreed between Fenland District Council, Chatteris Town Council, Cambridgeshire County Council and the Governing Body of Cromwell Community College

College Principal, the BSF Programme Director and representatives of Fenland District Council Leisure Services, Chatteris Town Council and Governing Body of Cromwell Community College) meets regularly to review progress.

- 3.5 The Leisure Suite proposal includes establishing a Not-for-Profit community enterprise to manage and operate the facility. Colleagues from Strategy & Estates are in the process of negotiating appropriate land tenure arrangements with Fenland District Council because the County Council owns the freehold of the land upon which the Leisure Suite is to be built. If negotiations conclude that a disposal at less than best consideration is appropriate, dispensation will be sought in a further report to Cabinet in accordance with the Council's usual practice.
- 3.6 As the project forms part of the wider BSF project at Cromwell, progress and risks associated with the Leisure Suite project are reviewed by the BSF Programme Board on a regular basis.
- 3.7 To date, the Leisure Suite project is progressing in a timely manner and is a good example of four different public bodies working in partnership to meet a clear local need for improved community leisure provision in Chatteris.

4.0 SIGNIFICANT IMPLICATIONS

Resources and Performance

Conventionally Funded Schools

- 4.1 The Phase 2 schools are all conventional Design and Build (D&B) schemes funded by capital grant.
- 4.2 With the funding now fixed, a particular risk in respect of the Phase 2 schools is that the recent downward movement in construction costs reverses and construction costs begin to rise again. This will reduce the effective purchasing power of the available funding. The accelerated programme referred to in section 2 above is the principal mitigation against this risk.

FM Services

- 4.3 The Governing Body Agreements entered into with the BSF schools in Fenland³ commit the D&B schools to make revenue and capital contributions to the lifecycle costs of their modernised schools. These contributions were agreed as part of the Final Business Case and the FM and ICT Managed Services contracts to which these contributions relate are now live.
- 4.4 It was noted at the time that in order to meet the realistic lifecycle maintenance costs of BSF schemes over time, additional capital contributions would be required from the Authority to ensure that schools modernised through BSF are appropriately maintained thereafter. For the five D&B schools in Fenland, the capital contribution is estimated to be approximately £11.5m (nominal) over 25 years. This will be a call on the capital programme and, for the most part, would be expected to replace normal

³ Fenland Junction Pupil Referral Unit has a different status to the other BSF schools and has a management committee rather than a Governing Body

capital schemes, including major capital repairs, at these schools over the equivalent period.

- 4.5 Recent reductions to the Authority's and schools' capital allocations, as well as the reduced funding for the Phase 2 projects which potentially leaves a greater lifecycle liability, are likely to put additional pressure on the capital programme if these commitments are to be met. This risk requires further consideration once the conclusions of the James Review into schools' capital have been published (expected imminently) and the implications of other strategic changes (increasing numbers of Academies for example) have been evaluated.
- 4.6 In the meantime, the sinking fund for future lifecycle costs has been established and the first school contributions from the Phase 1 schools have been paid in. When the costs exceed the balance of school contributions in the sinking fund the Authority will provide capital resources up to the value noted above as required to restore the balance.

ICT Services

- 4.7 ICT funding for all six BSF schools in Fenland remains at the original level and has not been reduced by the requirement to secure efficiency savings from the Phase 2 schools.
- 4.8 The LEP will provide an ICT managed service to the six Fenland BSF schools paid for from BSF capital grant and revenue contributions from the BSF schools of £110 per pupil per annum (at April 2008 prices). The ICT managed service contract will provide "Early Services" to all BSF schools from April 2011 and then roll out "Full Services" to each BSF school as the modernised schools are handed over. Early Services include the provision of a web-based Learning Platform, some training and professional development services and a catalogue from which schools can purchase ICT equipment and services. Full Services include, additionally, the installation of new ICT infrastructure and devices, on-site technical support and a performance and availability regime under which deductions are levied if the required standards are not achieved.
- 4.9 The financial strategy for paying for the ICT managed service is to establish a sinking fund with the school contributions. No additional Authority contributions are required in the delivery of this service. However, the Council has recognised the 'demand risk' issue faced by BSF schools if actual pupil numbers are less than those upon which schools' contributions are based. To address this, the Cambridgeshire Schools Forum has agreed that above a certain threshold additional financial support for BSF schools will be provided through a call on the secondary quantum of the Dedicated Schools Grant (DSG). There is now increased risk around the viability of this support mechanism as the DSG comes under more pressure from further austerity measures affecting school budgets and an expansion of Academies and Free Schools.

Value for Money and Risk Transfer

- 4.10 Value for money and risk transfer in respect of the Phase 2 schools will be secured through the use of standard form contracts with agreed derogations where a better balance of risk and price can be achieved locally and testing costs against the Phase 1 projects and other local and national benchmarks.

- 4.11 The standard form contracts on which the Cambridgeshire BSF contracts are based envisage some risk being retained by the Authority. These include additional costs for asbestos removal not identified in the Type II asbestos surveys commissioned by the Authority and warranted to the LEP, those latent defect risks in retained buildings not identified as contractor's risk in the contract documents and risks associated with title, planning and compensation events in certain circumstances. Any or all of these could have an impact on programme and price. Some contingency is being held against these risks.

Human Resources

- 4.12 Approximately 7 staff currently employed by the Phase 2 schools as ICT technicians will transfer to the employment of the ICT managed service provider (Dell). For those transferring employees currently in the Local Government Pension Scheme, their new employer will seek Admitted Body status to the LGPS. The Authority will retain pension contribution rate risk above a fixed rate calculated by the pension fund actuary and also the risk of historic scheme underfunding. After the transfer date, the scheme will be closed to new employees.

Property

- 4.13 With the exception of the Fenland Junction Pupil Referral Unit for which a site has yet to be secured, there are no significant property implications at any of the Phase 2 schools other than the planned schemes themselves. In the case of Meadowgate and Cromwell additional land has been or is being acquired to facilitate the expansion of these school sites.
- 4.14 The issue of a potential lease on part of the Cromwell Community College site in respect of the proposed Leisure Suite has been noted in section 3 above.

Risk Management

- 4.15 BSF Programme risks are recorded on the BSF Risk Register and the risk probability and mitigation measures are monitored by the BSF Board on a regular basis.
- 4.16 A summary of the principal risks associated with the development of the Phase 2 schools is set out at **Annex 1**.

Statutory Duties Requirements and Partnership Working

- 4.17 To date, Cambridgeshire's BSF programme has demonstrated some good examples of partnership working with, among others, the Headteachers, staff and Governing Bodies of BSF schools, Fenland District Council, the College of West Anglia and the constituent companies within the Equitix consortium.

Access and Inclusion

- 4.18 BSF will assist the Authority to meet its access and inclusion objectives by providing modern school facilities which meet relevant Special Education Needs (SEN) and Disability Discrimination Act (DDA) standards and by providing school based facilities which can be used by the community. Note that whilst designs for BSF schools will include improved community and extended use facilities, such facilities must have a curriculum use to qualify for BSF funding and the costs of making these facilities

available for community use (heating, lighting, cleaning etc) cannot be met from school budgets.

- 4.19 The development of exciting new schools at the heart of local communities is also likely to stimulate a new interest in learning and education.

Engagement and Consultation

- 4.20 Consultation with local communities and other stakeholders has been an integral part of BSF in terms of identifying local needs and aspirations through the design development and town and country planning processes.

Source Documents	Location
<i>Previous Cabinet reports</i>	

Annex 1 – Principal Strategic Risks

Risk	Risk Description	Mitigation
Financial Risks		
Impact of Inflation	BSF funding is awarded at a point in time and is fixed at that point. The actual movement in construction indices during the design development and construction phases may differ (adversely) from the indexation assumption on which the grant is based	<ul style="list-style-type: none"> • Reduce the time taken to achieve contract close and a confirmed lump sum price for the scheme • Assume a greater proportion of contingency within the allocated BSF funding to set against this risk • Work with schools to manage expectations over the likely affordable scope of works
Authority Capital programme	Future reductions in (non-BSF) capital allocations to the Authority and/or unavoidable calls on capital reduce the Authority's ability to support future lifecycle costs in BSF schools	<ul style="list-style-type: none"> • Ensure appropriate level of school contributions to future lifecycle costs from Devolved Formula Capital and the Dedicated Schools Grant • Ensure proper attention to lifecycle issues during the design process • 'Sweat' assets
Scope creep – design phase	Changes to design compromise affordability	<ul style="list-style-type: none"> • Inclusive design development process that manages expectations from an early stage and progressively freezes the design from any further changes at agreed intervals • Robust "adds and omits" process rigidly applied during the design development and Reviewable Design Data (RDD) stages
Scope creep – operational phase	Excessive charges levied by the LEP for minor changes, equipment replacement etc	<ul style="list-style-type: none"> • Enforce benchmarking and market testing provisions • Non-PFI FM contract has a works ordering process which requires competitive quotes above a de minimis threshold
Furniture, Fittings & Equipment (FFE)	Unrealistic expectations and/or inadequate budget for FFE	<ul style="list-style-type: none"> • Maximise use of existing equipment • Greater proportion of BSF funding allocation to be used for FFE to ensure that an appropriate proportion of the total project spend is applied to FFE at an early stage
'Demand Risk'	Student numbers on roll do not match the forecasts on which the ICT costs are based	<ul style="list-style-type: none"> • Currently mitigated by the fact that Schools Forum has agreed that this demand risk can be managed through a call on the secondary quantum of the DSG • Consider alternatives
LEP performance	Poor performance of the LEP and/or LEP schemes do not represent value for money	<ul style="list-style-type: none"> • Enforce contractual safeguards Note: The loss of exclusivity which is the primary contractual 'stick' is less relevant where there are no follow on projects

Recommended Confidentiality Status: Level 2

Risk	Risk Description	Mitigation
Policy and Strategy Risks		
Future BSF policy	Government does not continue with BSF (Note: this risk has materialised)	<ul style="list-style-type: none"> Consider delivering non-BSF projects through the LEP Re-negotiate contract with LEP to mothball the LEP or terminate early
Education Outcomes	Educational outcomes do not improve as a result of BSF investment.	<ul style="list-style-type: none"> Work with schools to manage requirements for staff input during design development and to minimise disruption during construction Continue to focus on maintaining educational priority in design and programme development so that the BSF project supports school improvement and in-school approaches to re-thinking the curriculum and student experiences
Disagreement over vision and objectives	Schools and Cambridgeshire CC do not share a common vision regarding the required outcomes	<ul style="list-style-type: none"> All schools are working closely with Cambridgeshire CC to produce school vision documents which will support the Strategy for Change (SfC) submission and demonstrate coherence with the local programme objectives. Original Cambridgeshire County Council (CCC) Vision was produced in collaboration with schools and is a 'broad church' within which schools have significant scope to develop a local and unique offering
Schools' objectives are not met	The LEP does not deliver solutions of the required quality	<ul style="list-style-type: none"> The Authority Requirements have been prepared to ensure that the LEP provides solutions of the required standards and quality Expectations by all parties need to be reasonable in light of reduced funding in order to secure the best vfm overall
ICT Services	ICT Managed Service performance is not acceptable	<ul style="list-style-type: none"> Close involvement of school users in Learning Platform development , testing and implementation Tight contract management to enforce contractual safeguards
FM Services	FM Managed Service performance is not acceptable	<ul style="list-style-type: none"> Regular FM user group scrutiny of performance and VFM Tight contract management to enforce contractual safeguards
PRU Site	Failure to secure a site for Fenland Junction PRU	<ul style="list-style-type: none"> Pursue Council owned options Secure additional funding to pursue third party owned options